

**ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND
BOARD OF TRUSTEES REGULAR MEETING MINUTES****FRIDAY, NOVEMBER 12, 2021 AT 9:00 A.M.**

A regular meeting of the Board of Trustees of the Illinois Police Officers' Pension Investment Fund was held through the Zoom digital platform in accordance with Executive Order 2021-27 issued by Governor Pritzker and Public Act 101-0640. Members of the public were invited to participate remotely or in person pursuant to the meeting notice and agenda.

TRUSTEES PRESENT: Shawn Curry
Paul Swanlund
Elizabeth Holleb
Michael Inman
Brad Cole
Lee Catavu
Mark Poulos (*joined at 9:52 a.m.*)
Daniel Hopkins
Phil Suess (*joined at 9:24 a.m.*)

TRUSTEES ABSENT: None

OTHERS PRESENT: Richard White, Executive Director
Kent Custer, Chief Investment Officer
Steve Yoon, Investment Officer
Shaun Ivey, Administrative Manager
Rick Reimer, General Counsel, Reimer Dobrovolny & LaBardi PC
Joe Burns, Fiduciary Counsel, Jacobs Burns Orlove & Hernandez, LLP
Bukola Bello, Vision M.A.I. Consulting
Scott Whalen, General Investment Consultant, Verus Advisory, Inc.
Vance Creekpaum, Actuarial Consultant, Verus Advisory, Inc.
A.J. Weber, Chief Financial Officer, Lauterbach & Amen, LLP
Allie Rysell, Plan Administrator, Foster & Foster, Inc.
Members of the Public

Interview Attendees – Actuarial Services

Jason Franken, Foster & Foster, Inc. (*joined at 9:37 a.m.*)
Paul Baugher, Foster & Foster, Inc. (*joined at 9:37 a.m.*)
Lance Weiss, GRS (*joined at 10:26 a.m.*)
Amy Williams, GRS (*joined at 10:26 a.m.*)
James Sparks, GRS (*joined at 10:26 a.m.*)

CALL TO ORDER: Chairperson Curry called the meeting to order at 9:05 a.m.

ROLL CALL: As reflected above.

MEETING MINUTES: *Review/Approve – September 10, 2021 Board Meeting Minutes:* The Board reviewed the draft meeting minutes from the September 10, 2021 meeting. A motion was made by Trustee Inman and seconded by Trustee Holleb to approve the minutes from the September 10, 2021 meeting. Motion carried unanimously by roll call vote.

AYES: Trustees Curry, Hopkins, Swanlund, Holleb, Catavu, Inman, and Cole
NAYS: None
ABSENT: Trustees Poulos and Suess

Review/Approve – October 8, 2021 Board Meeting Minutes: The minutes were tabled for Board review at the December 17th meeting.

Review/Accept – Approved Committee Meeting Minutes: The approved minutes were tabled for Board review at the December 17th meeting.

GOVERNMENTAL LIAISON'S REPORT: Governmental Liaison Bello reviewed the November 2021 Legislative Update Report with the Board. She provided an overview of the 2021 Fall Veto Session activities and reviewed the 2022 Illinois General Assembly Calendar. While attending the Fall Veto Session, Ms. Bello met with Senate Majority Caucus Whip Napoleon Harris. She reported that Senator Harris informed her that he expects to hold minority hearings in January or February 2022. She informed the Board that she would continue to communicate with the Senate Leader and his Staff Designee to ensure the Fund is prepared for next year's Senate hearing.

ADMINISTRATIONS AND OPERATIONS: *Communications – Approve Contract Extension with Shepherd Communications:* Executive Director White reviewed a memorandum dated November 12, 2021 regarding the "Retention of a Communications Specialist" with the Board. Executive Director White recommended Board approval of the contract extension with Shepherd Communications through June 30, 2022, at a retainer fee of \$2,000 per month. He reviewed the services provided and noted that a communication plan will be implemented with stakeholders and Article 3 local funds during the transition period. Trustee Holleb noted that the proposed retainer fee increased from \$1,500 to \$2,000 and requested confirmation from Executive Director White that he was comfortable with the proposed increase, to which he responded yes. Attorney Reimer recommended that the previous addendum with Shepherd Communications be added to the agreement presented in the agenda packet. A motion was made by Trustee Catavu and seconded by Trustee Hopkins to extend the contract agreement with Shepherd Communications. Motion carried unanimously by roll call vote.

AYES: Trustees Curry, Hopkins, Swanlund, Holleb, Catavu, Inman, and Cole
NAYS: None
ABSENT: Trustees Poulos and Suess

Finance – Review/Adopt Cash Reserve Policy (PP-2021-09): Executive Director White reviewed a memorandum dated November 12, 2021 regarding the "Cash Reserve Policy" with the Board. The Cash Reserve Policy (PP-2021-09) was created to support the Fund's financial operations and allow for timely financial planning. Executive Director White noted that the Audit and Budget Committee reviewed the draft policy at the November 2nd meeting. The Committee recommended Board adoption of the policy with the revisions that were discussed with Staff. The revised policy was reviewed with the Board. A motion was made by Trustee Holleb and seconded by Trustee Hopkins to adopt the Cash Reserve Policy. Motion carried unanimously by roll call vote.

AYES: Trustees Curry, Hopkins, Swanlund, Holleb, Catavu, Inman, and Cole
NAYS: None
ABSENT: Trustees Poulos and Suess

Human Resources – Review/Adopt Job Description for Finance Director/Assistant Executive Director and Compensation Range: Executive Director White reviewed a memorandum dated November 12, 2021 regarding the “Finance Director/Assistant Executive Director Job Description” with the Board. The Finance Director/Assistant Executive Director position would be tasked with assisting the Executive Director with the management and operations of the Fund. The duties and responsibilities, desired skills and abilities, and qualifications were reviewed with the Board. Executive Director White noted that the Audit and Budget Committee reviewed the proposed job description and provided feedback that was incorporated into the revised version. Executive Director White recommended that the Board adopt the job description, compensation range, and direct Staff to proceed with the recruitment.

Trustee Holleb recommended a minor language revision to Section D-16 to indicate that qualifications include a master’s in business administration. The Board reviewed the New Role Compensation Analysis with the proposed salary range for this position of \$130,000 to \$170,000. Trustee Holleb inquired if Human Resources was able to obtain the salary or salary range for the Chief Financial Officer (CFO) for the Illinois Firefighters’ Pension Investment Fund (FPIF). Executive Director White stated that the compensation for the FPIF’s CFO could not be obtained.

Trustee Suess joined at 9:24 a.m.

Executive Director White indicated that the recruitment process for this position would most likely begin in January 2022 due to the holiday season and pending litigation. Trustee Cole stated that he is in favor of approving the job description, but he is not comfortable with the proposed salary range. Executive Director White stated that the salary is comparable to a CFO salary and includes additional administrative responsibilities. A motion was made by Trustee Holleb and seconded by Trustee Inman to adopt the job description for a Finance Director/Assistant Executive Director and compensation range with the minor revision to Section D-16 as discussed. Motion carried by roll call vote.

AYES: Trustees Curry, Hopkins, Swanlund, Holleb, Catavu, Inman, Suess, and Cole
NAYS: None
ABSENT: Trustee Poulos

Actuarial Services – Introductory Remarks: Executive Director White provided introductory remarks regarding the Request for Proposal for Actuarial Services. The interview schedule was reviewed with the Board. Mr. Whalen provided additional background information on the Request for Proposal (RFP) and the three-month evaluation process. He stated that three firms responded to the RFP and two firms chose not to respond. Preliminary interviews were conducted with all three responding firms prior to the meeting. Two firms were invited to present to the Board. He added that all responding firms were good candidates and could very likely meet the needs of the Board. However, the two firms that were invited to meet with the Board rose above the third candidate. Mr. Whalen noted that the third proposer was not eliminated from consideration if the Board finds that neither of the two finalists would be able to meet the needs of the Board.

Mr. Franken and Mr. Baugher joined at 9:37 a.m.

Firm Presentation and Interview – Foster & Foster, Inc.: Mr. Whalen introduced representatives from Foster & Foster to the Board. Mr. Franken and Mr. Baugher reviewed their presentation with the Board. Mr. Franken provided background information on the Firm and shared the team's experience working with large plans similar in size to the IPOPIF. He informed the Board that Foster & Foster services over 330 public safety plans across the country.

Trustee Poulos joined at 9:52 a.m.

Mr. Baugher discussed their work with the Arizona Public Safety Personnel Retirement System covering all police officers and firefighters, nearly 300 entities. He reviewed the team's proposed service approach and the Sample Dynamic Modeler. Mr. Franken and Mr. Baugher answered questions regarding municipal funding policies and the timing of reports. Trustee Cole inquired if the IPOPIF would be responsible for setting the actuarially required contribution for the participating pension funds after the conclusion of the transition period. Mr. Franken stated that the IPOPIF would be providing the actuarially required contribution. He added that municipalities could elect to contribute more to their pension fund than the minimum contribution, but not less. A discussion was held with Mr. Franken and Mr. Baugher regarding amortization methods. The proposed fee structure was discussed with the Board.

Mr. Franken and Mr. Baugher left at 10:21 a.m.

The Board took a brief recess at 10:21 a.m. and resumed at 10:25 a.m.

Mr. Weiss, Ms. Williams, and Mr. Sparks joined at 10:26 a.m.

Firm Presentation and Interview – GRS: Mr. Whalen introduced representatives from GRS to the Board. Mr. Weiss, Ms. Williams, and Mr. Sparks reviewed their presentation with the Board. Mr. Weiss provided background information on the Firm and GRS's Team that will be working with the Fund. The Firm's methodology and team-based approach was reviewed, along with their current experience working with the IDOI. Ms. Williams reviewed information on the Firm's data security. Trustee Cole inquired if the IPOPIF would be responsible for setting the actuarially required contribution for the participating pension funds after the conclusion of the transition period. Mr. Sparks indicated that the IPOPIF would be using the State's required employer contribution rate. Mr. Weiss clarified that the Fund would be responsible for setting the actuarially required contribution rate. GRS answered questions regarding the IDOI's actuarial methods, proposed fee structure, and their experience working with large plans that are similar to the IPOPIF. Ms. Williams shared additional information on the education that would be provided to the Board.

Mr. Weiss, Ms. Williams, and Mr. Sparks left at 11:07 a.m.

Actuarial Services – Discussion/Selection of Firm and Approval as a Vendor: Verus reviewed a memo that was provided to the Board to review in advance of the meeting. Mr. Creekpaum and Mr. Whalen noted that both firms are well qualified to provide the required services for the IPOPIF. Mr. Creekpaum provided an overview of the evaluation process and matrix. Mr. Whalen summarized the results of the reference checks and stated that both firms had glowing reviews. The Board discussed the firm presentations with Mr. Creekpaum. Verus recommended the Board hire Foster & Foster for actuarial services. Mr. Creekpaum discussed key observations and differentiating factors that led Verus to their recommendation. All questions were answered by Verus. Trustee Holleb stated that she finds that both firms are qualified and recommended the Board select a firm and direct Staff to complete contract negotiations and present the contract agreement at a future meeting for approval. The Board discussed

the proposed services and contract terms with Executive Director White. Trustee Suess stated that he would support the selection of GRS as the Fund's actuary, adding that he finds that there would be value in having a new perspective. He stated that he has nothing against Foster & Foster and indicated that the City of Wheaton currently works with them. Trustee Hopkins stated that he would favor hiring Foster & Foster and finds that the Firm would provide a fresh perspective for the Fund and participating members. A motion was made by Trustee Catavu and seconded by Trustee Hopkins to direct the Executive Director to negotiate the terms of a contract agreement with Foster & Foster and to present the proposed agreement to the Board for final approval at a future meeting. Motion carried by roll call vote.

AYES: Trustees Curry, Hopkins, Swanlund, Holleb, Catavu, Inman, and Poulos
NAYS: Trustee Suess
ABSENT: None
ABSTAIN: Trustee Cole

Human Resources – Approve Engagement Letter with Lauterbach & Amen, LLP for HR Services through June 30, 2022: The Board reviewed a memorandum dated November 12, 2021 regarding "Human Resources Services – Approve Engagement Letter" with the Board. The proposed Engagement Letter dated October 11, 2021 was reviewed with the Board. The proposed fee schedule did not change and was proposed as follows: recruiting at the staff level rate of \$75 and director level of \$125; and consulting at the staff level rate of \$100 and director level at \$175. Executive Director White recommended the Board approve the engagement letter with Lauterbach & Amen for Human Resources Services as presented through June 30, 2022. Attorney Reimer recommended that the previous addendum with Lauterbach & Amen be added to the proposed engagement letter. A motion was made by Trustee Poulos and seconded by Trustee Catavu to approve the engagement letter and addendum for HR services through June 30, 2022. Motion carried unanimously by roll call vote.

AYES: Trustees Curry, Hopkins, Swanlund, Holleb, Catavu, Poulos, Inman, Suess, and Cole
NAYS: None
ABSENT: None

Trustee Holleb inquired if the draft Employee Handbook will be presented to the Board for review and approval at a future meeting. Executive Director White stated that the draft document would be presented to the Board at the December 17th meeting. He encouraged the Trustees to provide feedback to his attention by November 19th.

Trustee Poulos left the meeting at 11:45 a.m.

Human Resources – Review/Adopt Resolution 2021-006, Resolution for Participation in the Illinois Municipal Retirement Fund: Executive Director White reviewed a memorandum dated November 12, 2021 regarding the "Participation in the Illinois Municipal Retirement Fund (IMRF)" with the Board. Executive Director White provided background information on the proposed resolution for IPOPIF employee participation in IMRF. He reviewed a letter dated October 12, 2021 from the IMRF reporting the cost of participation. The IPOPIF and employee cost was reviewed with the Board along with the proposed resolution. All questions were answered by Executive Director White and Attorney Reimer. A motion was made by Trustee Catavu and seconded by Trustee Hopkins to adopt resolution 2021-006 for participation in the Illinois Municipal Retirement Fund. Prior to taking a vote, several Trustees provided feedback for consideration. Trustees Holleb and Cole shared concerns regarding the approval

of the resolution before adopting the benefits package for IPOPIF employees. Trustee Cole indicated that the Board previously discussed not having concurrent benefit plans if the IMRF legislation was approved, which is still not resolved. Trustee Suess recommended the Board delay discussion until the Board adopts the Employee Handbook since the Cost Study would not expire until December 1, 2022. Trustees Curry and Hopkins noted that they favor approving the resolution. Motion failed by roll call vote.

AYES: Trustees Curry, Hopkins, Swanlund, Holleb, and Catavu
NAYS: Trustees Holleb, Inman, Suess, and Cole
ABSENT: Trustee Poulos

Executive Director White thanked the Board for their feedback and stated that this agenda item would be discussed at a future meeting.

Board Matters – Adopt 2022 Board Meeting Dates: Executive Director White reviewed the proposed 2022 Board meeting dates. The proposed meeting dates were as follows: January 14, February 10, March 11, April 8, May 13, June 10, July 8, August 12, September 9, October 14, November 10, and December 9, 2022. All in-person meetings are anticipated to be conducted in Peoria at 10:00 a.m., with the meeting location to be provided at a later time. All remote meetings will be conducted at 9:00 a.m. A motion was made by Trustee Cole and seconded by Trustee Hopkins to approve the meeting dates as presented. Motion carried unanimously by roll call vote.

AYES: Trustees Curry, Hopkins, Swanlund, Holleb, Catavu, Inman, Suess, and Cole
NAYS: None
ABSENT: Trustee Poulos

TREASURER'S REPORT: Treasurer Holleb reviewed her memorandum dated November 8, 2021 regarding the "Treasurer's Report – IPOPIF Board Meeting November 12, 2021" with the Board.

Monthly Financial Report – October 2021 Financial Statements: The financial statements were deferred for review at the next Board meeting.

Review/Approve – Warrant #34, Summary of Payments: The Board reviewed the Summary of Payments and corresponding invoices for Warrant #34 totaling \$118,694.15. A motion was made by Trustee Holleb and seconded by Trustee Cole to approve the payment of all invoices listed on Warrant #34. Motion carried by roll call vote.

AYES: Trustees Curry, Hopkins, Swanlund, Holleb, Catavu, Inman, Suess, and Cole
NAYS: None
ABSENT: Trustee Poulos

Approval of Budget Amendments: There were no budget amendments.

Approval of Vendors and Purchases: There were no new vendors or purchases.

Review Loan Activity: Treasurer Holleb stated that as of October 31, 2021, the Fund had drawn down \$2.85 million from the IFA loan for operating purposes. She informed the Board that an October draw was made for \$600,000, and a November draw of \$600,000 is anticipated. She stated that the draws

are consistent with the Fiscal Year 2022 Budget. Treasurer Holleb noted that the Cash Reserve Policy will be considered by the Board at a future meeting.

Other: Treasurer Holleb informed the Board that the Fund's draft Comprehensive Annual Financial Report was reviewed at the Audit and Budget Committee's November 2nd meeting. An additional Audit & Budget Committee meeting is scheduled for December 7th, and the final draft report will be reviewed with the Board at the December 17th meeting.

BOARD RECESS: The Board took a brief recess from 12:36 p.m. to 12:50 p.m. All Trustees returned from the Board recess other than Trustee Poulos.

INVESTMENTS: *Review/Approve – Investment Structure:* CIO Custer reviewed a memorandum dated November 5, 2021 regarding the “Initial Fund Structure” with the Board. The recommended structural assignments to implement the short-term asset allocation was presented as follows: Fixed Income at 44%; Equity at 50%; and Real Estate at 6%. The recommended managers, manager benchmarks, and investment vehicles were discussed with the Board. All questions were answered by CIO Custer. A motion was made by Trustee Hopkins and seconded by Trustee Catavu to approve the Investment Structure as detailed in the table below. Motion carried unanimously by roll call vote.

Mandate	Weight	Manager	Manager Benchmark*	Vehicle**
Fixed Income	44%			
Cash	3%	TBD	TBD	TBD
Short-Term Bonds	15%	SSGA	BB 1-3 year Gov/Credit	CIT
Core Bonds	7%	SSGA	BB US Aggregate	CIT
US TIPS	3%	SSGA	BB US TIPS 0-5 Years	SMA
High Yield Debt	10%	SSGA	BB US Corporate High Yield	CIT
Emerging Mkt. Debt.	6%	SSGA	JPM EMBI Global Diversified	CIT
Equity	50%			
US Large	18%	RhumbLine	Russell 1000	SMA
US Small	5%	RhumbLine	Russell 2000	SMA
Non-US Developed	15%	SSGA	MSCI World ex US	CIT
Non-US Developed SC	5%	SSGA	MSCI World ex US SC	CIT
Emerging Mkt. Equity	7%	SSGA	MSCI Emerging Mkts. ND	CIT
Real Estate	6%			
REITs	4%	SSGA	Dow Jones US Select REIT	CIT
Private Real Estate	2%	Principal	NFI-ODCE	Open-End

*BB: Bloomberg, JPM: JP Morgan, NFI-ODCE: National Council of Real Estate Investment Fiduciaries (NCREIF) Fund Index – Open End Diversified Core Equity

**SMA: Separately Managed Account, CIT: Commingled Investment Trust

AYES: Trustees Curry, Hopkins, Holleb, Swanlund, Catavu, Inman, Suess, and Cole
 NAYS: None
 ABSENT: Trustee Poulos

Review/Approve Principal U.S. Property Account: CIO Custer and Mr. Yoon reviewed a memorandum dated November 9, 2021 regarding the “Principal U.S. Property Account (USPA) Recommendation” with the Board. CIO Custer provided introductory remarks and background information on the USPA. Mr. Yoon informed the Board that Staff considers the USPA an attractive core real estate investment with a strong organization, investment team, and performance. He stated that as of October 31, 2021, the existing exposure is estimated at approximately \$180.6 million. Staff believes that transferring this

existing exposure from the participating pension funds to the IPOPIF would be beneficial by providing immediate exposure to a solid real estate investment with improved economics.

The investment management fee schedule was reviewed with the Board. Based on the asset values of each participating pension fund invested with USPA, current fees are estimated at 102 basis points (bps) or approximately \$1.8 million annually. The proposed asset aggregation would reduce fees to 80 bps or approximately \$404,000 since the IPOPIF has the benefit of lower fees for accounts valued over \$100 million. Mr. Yoon walked through the withdrawal provisions with the Board, as requested by Trustee Suess. Mr. Whalen reviewed the USPA's Property Sector Diversification. All questions were answered by CIO Custer, Mr. Yoon, and Mr. Whalen. A motion was made by Trustee Inman and seconded by Trustee Catavu to approve Staff's recommendations as follows: maintaining exposure to the Principal U.S. Property Account following the transfer to IPOPIF; establishing an initial IPOPIF target allocation of 2% within the private real estate asset class, reflecting the approximate weight of the current exposure; and to authorize the Chief Investment Officer and Fiduciary Legal Counsel to complete negotiations and execute contracts. Motion carried unanimously by roll call vote.

AYES: Trustees Curry, Hopkins, Holleb, Swanlund, Catavu, Inman, Suess, and Cole
NAYS: None
ABSENT: Trustee Poulos

Review/Approve Investment Policy: CIO Custer reviewed a memorandum dated November 9, 2021 regarding the "Investment Policy Statement" with the Board. CIO Custer provided introductory remarks and background information on the development process of the Investment Policy Statement (IPS). He stated that the contents and formats were based on his extensive research and prior IPS development experience. He noted that the draft IPS was revised multiple times based on review and feedback from Mr. Yoon, Verus, and Fiduciary Counsel. CIO Custer reviewed the draft document with the Board, and the Trustees provided comments and feedback for Staff consideration. He stated that a revised version of the IPS will be presented to the Board at the December 17th meeting.

Trustee Inman left the meeting at 2:46 p.m.

Review/Approve Asset Transfer Schedule: This item was tabled for discussion at a future meeting.

Review/Adopt: Administrative Rules: This item was tabled for discussion at a future meeting.

Status Update: CIO Custer presented the Investment Update to the Board. He stated that the new tranche dates are scheduled for March 1, April 1, and May 2, 2022. He stated that the custodian contract with State Street was executed and distributed to the Board. He noted that the contract agreement with State Street for transition management services would be executed in the coming days. CIO Custer also indicated that the contract agreements for passive investment management services are under negotiations. Additional updates were provided on the implementation rules and policies, critical path tasks, investment strategy, and preliminary communications plan. Trustee Suess requested that correspondence be provided to each participating pension fund on a monthly basis with status updates on the Fund's activities regarding the transition. Executive Director White acknowledged Trustee Suess' comments and noted that a preliminary communications plan is underway. The preliminary investment agenda items were briefly reviewed with the Board. All questions were answered by CIO Custer.

LEGAL COUNSEL'S REPORT: *General Legal Counsel's Report:* There was nothing new to report.

Fiduciary Legal Counsel's Report: There was nothing new to report.

CLOSED SESSION: Closed session was not needed.

PUBLIC COMMENT: There were no comments from the public.

ADJOURNMENT: With no further business to discuss, a motion was made by Trustee Hopkins and seconded by Trustee Holleb to adjourn the meeting at 2:48 p.m. Motion carried unanimously by roll call vote.

AYES: Trustees Curry, Hopkins, Swanlund, Holleb, Catavu, Suess, and Cole

NAYS: None


ABSENT: Trustees Poulos and Inman

Respectfully submitted by:

Approved by:


Allie Rysell, Plan Administrator
Foster & Foster, Inc.


Shawn Curry, Board Chairperson


Paul Swanlund, Board Secretary

Date Approved by the Board of Trustees: February 10, 2022

The next Board meeting of the Illinois Police Officers' Pension Investment Fund will be held on Friday, December 17, 2021 at 9:00 a.m. via the Zoom digital platform in accordance with Governor Pritzker's Executive Order in effect on the date and time of the meeting and Public Act 101-0640.